

CORRECTED FISCAL NOTE

SB 104 – HB800

May 16, 2005

SUMMARY OF BILL: Provides for a special allocation of the state sales tax *in which there is a state park containing approximately 6,500 acres, of which approximately 4,000 acres are an impounded reservoir some of which is owned by the Tennessee Valley Authority over which an easement has been given to the state of Tennessee and the state has leased its rights to a county for development.*

ESTIMATED FISCAL IMPACT:

On March 8, 2005, we issued a corrected fiscal note indicating *a one-time increase to local government expenditures of \$8,250, offsetting one-time state revenue and expenditure increases of \$8,250, a recurring decrease of state revenues of \$30,000, and an “other fiscal impact” reflecting forgone state revenue of \$500,000 and recurring increase to state revenues of \$70,000.*

Based on additional information provided, the estimated fiscal impact of this bill is:

(Corrected)

Increase Local Govt. Expenditures - \$8,250 One-Time

Increase State Revenues - \$8,250 One-Time

Increase State Expenditures - \$8,250 One-Time

Decrease State Revenues - \$30,000 Recurring

Other Fiscal Impact – The state would forgo a portion of sales tax revenue estimated to exceed \$85,000 per year. Revenue generated pursuant to Section 9, Chapter 529 of the Public Acts of 1992 and Section 4, Chapter 856 of the Public Acts of 2002 will continue to be deposited to the General Fund and earmarked for those purposes. This amount is estimated to exceed \$20,000 per year.

Assumptions:

- Cost of software changes (estimated to be \$8,250), necessary to implement the provisions of this act, are paid to the Department of Revenue by Campbell County.
- Project cost is estimated at \$10,000,000 and would be financed over 30 years at a rate close to 5.5%.
- Annual bond payment estimated to be \$550,000 per year (based on rate and term).

- Revenue generated pursuant to Section 9, Chapter 529 of the Public Acts of 1992 and Section 4, Chapter 856 of the Public Acts of 2002 will continue to be deposited to the General Fund and earmarked for those purposes. This amount is estimated to exceed \$20,000 per year.
- State revenues decline by an estimated \$30,000 per year. This is the estimated amount of sales and use tax currently remitted from existing taxpayers whose businesses are located on the specified property.
- The state would forgo a portion of sales and use tax revenue estimated to exceed \$85,000 per year resulting from sales tax revenue that would be generated on the further-developed property.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive, flowing style with a large initial "J" and "W".

James W. White, Executive Director